



DATE: August 17, 2016
TO: Board of Commissioners
FROM: Faye Brown, Interim Executive Director
SUBJECT: Report Number 16-46
Update on South Waterfront North District Implementation and SW Bond Avenue Construction Project

BOARD ACTION REQUESTED

No action is requested; information only.

SUMMARY

This briefing is intended to provide the Portland Development Commission (PDC) Board of Commissioners (Board) with an update on the construction of SW Bond Avenue from SW Porter Street north to SW River Parkway (Bond Project) in the North Macadam Urban Renewal Area (URA). The Bond Project, which includes significant public investment in construction of an arterial street, furthers PDC's commitments within the South Waterfront North District Development Agreement (DA) as approved by the PDC Board through Resolution No. 7117 on June 10, 2015 and the Portland City Council through Ordinance 187212 on June 24, 2015.

When complete, the Bond Project will help provide access to the Oregon Health and Science University (OHSU) Knight Cancer Research Building (KCRB) and further Schnitzer campus development, and prepare for significant private investment and development in the North Macadam URA from property owners ZRZ Realty. Through its approval of the DA, the PDC Board has committed \$3,650,000 towards design and construction of the Bond Project; partner staff at the City of Portland (City) Bureau of Transportation (PBOT) will seek City Council approval for full funding of the Bond Project, including the stated PDC investment together with an allocation of Transportation System Development Charges (SDCs), in early September 2016.

BACKGROUND AND CONTEXT

The DA contemplates the full Bond Avenue street extension connecting from SW River Parkway to SW Gibbs Street (Bond Extension) to provide the remaining piece of north-south circulation that has long been a priority for district stakeholders and property owners (see a site map in Attachment A). PDC's investment for the Bond Extension improvement was formally allocated in the 2015 North Macadam URA amendment project list and in Exhibit E of the DA (listed as SW Bond Street), with the acknowledgement that the full extension will occur over various phases.

The Bond Extension is divided into segments, with PDC funding commitments for design and construction to be coordinated with the design and construction of adjacent development. As such, 30 percent design for the full Bond Extension has been completed, under an initial PDC/PBOT Intergovernmental Agreement (IGA) for \$500,000 approved in July 2015 in conjunction with OHSU

initiating design for the KCRB and ZRZ Realty completing early designs for Blocks 6 and 4 (see Attachment A). OHSU initiated construction on KCRB in June 2016. The City is now preparing to initiate full design and construction of the Bond Project, from SW River Parkway to SW Porter Street, which is critical to providing access to KCRB.

PDC Funding: PDC's funding commitment to the Bond Project, to be administered under a design and construction IGA with PBOT, is consistent with the terms of the DA. To date, PDC has spent \$500,000 on design of the Bond Extension. The Bond Project IGA investment of \$3,650,000 is anticipated over two fiscal years (FYs) with \$2,450,000 allocated in FY 2016-17 and \$1,200,000 in FY 17-18 (see Attachment B). The remaining PDC investment pursuant to the DA to realize the Bond Extension is \$4,050,000 and reflected in the Approved North Macadam Budget forecast.

Project Cost: Initial estimates underpinning PDC's DA investment commitments to the Bond Project were based on a rough combined hard and soft cost assumption of approximately \$3,200 per linear foot of road, which equated to approximately \$4,000,000 for the Bond Project and a total Bond Extension investment commitment of \$8,200,000. These are the figures reflected in the PDC funding commitment.

With the 30 percent roadway design and 100 percent wall/surcharge design completed and refined information from OHSU and ZRZ Realty, PBOT has determined a total project cost for the Bond Project of \$9,010,400. In addition to PDC's tax increment financing investment, the remainder of the Bond Project cost will be funded by PBOT SDCs (\$4,659,400) and a Business Oregon Immediate Opportunity Fund grant (\$750,000). PDC staff wanted to provide the PDC Board with an update on the Bond Project in anticipation that future Bond Expansion segments, to be triggered with adjacent and concurrent ZRZ Realty development, may experience similar escalations and refinements and to assess the risk to PDC should PBOT not have available additional SDC or other transportation-related resources at the time of implementation.

Current PBOT costs reflect the following items in addition to the base road build-out estimate:

- **Construction Cost Escalation:** Since the time of the preliminary estimate (2014), construction costs have significantly increased.
- **Retaining Walls:** The new road is up to 17 feet above existing grade in locations adjacent to Porter Street. This grade change could be accommodated on an interim basis with sloped fill; however, in areas adjacent to development, this sloped fill would need to be removed and replaced with retaining walls to accommodate development footprints in the future. With the proposed Bond Project design, all segments of the road adjacent to OHSU's development parcels will be constructed with retaining walls instead of sloped fill. At an increased cost of \$500 per linear foot, building the retaining walls now compared to placing fill and later building the walls concurrent with development has the following benefits:
 - **Future Development Cost Savings:** The cost of wall installation after the roadway construction is approximately three times greater, plus the cost of any utility relocation that may be necessary.
 - **Smaller Construction Footprint:** The retaining walls require less construction area than the sloped fill, reducing the amount of permanent and temporary right-of-way acquisition needed.
 - **Protection of Public Asset:** If not installed now, there is an increased risk of additional settlement and damage to the roadway. In addition, if the walls are installed at a later date, the required wall tie-backs bring a high likelihood of damage to utilities or the wall during the life of the roadway.

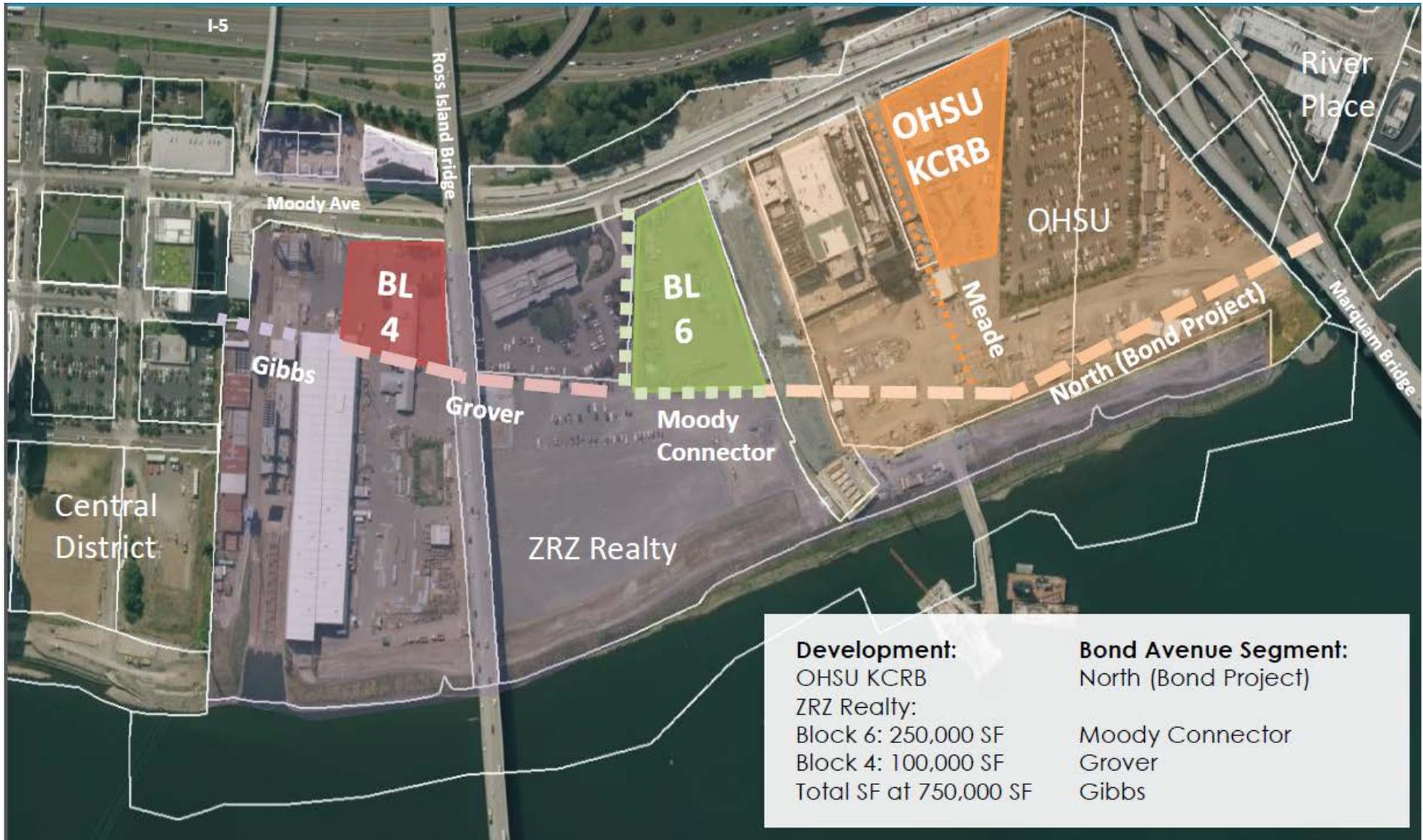
- All-Weather Fill: The surcharge component of the project will occur in winter 2017, which requires all-weather fill to be utilized for surcharge to ensure structural integrity and limit seasonal construction constraints.
- Increased Width: During the design process, PBOT indicated to both OHSU and ZRZ Realty the intention to increase the street width from 70 feet to 73 feet along the entire alignment to accommodate the City's pedestrian and bicycle access goals. Accommodating these facilities within the originally anticipated 70 feet would have impacted either parking or travel lanes along the Bond Extension, which would have impeded auto and delivery vehicle access to the district.
- Public Utilities: The required public utilities access, including water, sanitary, and storm sewer, have been identified through the design and engineering process and are included in the Bond Project construction costs.
- Marquam Bridge Right-Of-Way Site Preparation: The Bond Project cost includes site preparation, including environmental clean-up, for the segment of the alignment under the Marquam Bridge, as this segment is in public ownership.

Related Work Private utilities, such as Pacific Gas & Electric, NW Natural Gas, and communications have similarly been identified, with PBOT and the utilities working through cost refinement. In addition, the underlying property owners, primarily OHSU in the Bond Project segment, will be responsible for providing a clean site to PBOT for the purposes of starting construction. This includes any environmental clean-up along the street alignment and removal of abandoned sewer lines. The amount of contaminated fill required to be removed is based on DEQ requirements and City goals for clean fill in utility corridors. The contaminated fill removal is further driven by the elevated and sloped elevation of the road, connecting from Porter Street at 17 feet above existing grade to existing grade at River Parkway, and the alignment and depth needed for the gravity sewer and PGE vaults..

ATTACHMENTS

- A. SW Bond Avenue Site Map and Street Plan
- B. North Macadam Urban Renewal Area FY 2017-2018 Approved Budget and Forecast

SW Bond Avenue Site Map and Street Plan



North Macadam Urban Renewal Area FY 2017-2018 Approved Budget and Forecast

**Financial Summary
 Five-Year Forecast**

North Macadam Fund	Revised FY 2015-16	Adopted FY 2016-17	Forecast FY 2017-18	Forecast FY 2018-19	Forecast FY 2019-20	Forecast FY 2020-21
Resources						
Beginning Fund Balance	9,185,550	7,305,648	1,674,780	1,285,784	2,068,509	4,343,883
Revenue						
Fees and Charges	0	138	62	-	-	-
Interest on Investments	20,000	30,000	30,000	30,000	-	-
Loan Collections	27,239	27,238	12,387	-	-	-
TIF - Short Term Debt	1,740,000	6,993,000	8,495,197	8,018,788	8,636,542	9,306,650
TIF - Long Term Debt	0	2,000,000	5,000,000	-	-	5,200,000
Miscellaneous	17,000	-	-	-	-	-
Property Sales	7,700,000	1,700,000	-	-	-	-
Rent and Property Income	236,062	261,895	236,062	236,062	236,062	236,062
Total Revenue	9,740,301	11,012,269	13,773,708	8,284,850	8,872,604	14,742,712
Total Resources	18,925,851	18,317,917	15,448,488	9,570,634	10,941,113	19,086,595
Requirements						
Administration						
A00024-Debt Management-NMC	5,740	20,000	20,000	20,000	20,000	20,000
Administration Total	5,740	20,000	20,000	20,000	20,000	20,000
Housing						
A00165-Affordable Housing-NMC	400,000	8,100,000	11,100,000	150,000	150,000	3,250,000
A00423-Parcel 3-NMC	7,700,000	-	-	-	-	-
A00424-Parcel 3-Remediation-NMC	1,260,000	-	-	-	-	-
Housing Total	9,360,000	8,100,000	11,100,000	150,000	150,000	3,250,000
Infrastructure						
Parks						
A00222-Central Dist Greenway-NMC	0	-	-	-	100,000	8,150,000
Transportation						
A00228-Central Dist Infra-NMC	166,000	-	-	-	-	-
A00231-Bond Avenue-NMC	700,000	2,450,000	1,400,000	3,650,000	-	-
Infrastructure Total	866,000	2,450,000	1,400,000	3,650,000	100,000	8,150,000
Property Redevelopment						
Real Estate						
A00272-South Wtfrnt Lot 3-NMC	8,916	5,616	-	-	-	-
A00273-RiverPlace Prkng -NMC	46,196	47,857	46,196	46,196	46,196	46,196
A00275-Real Estate Mgmt-NMC	81,067	1,713	1,713	1,713	1,713	1,713
Commercial Property Lending						
A00360-CPRL-General-NMC	0	500,000	500,000	500,000	500,000	-
Redevelopment Strategy						
A00267-Lincoln Station-NMC	0	-	-	2,000,000	4,600,000	6,400,000
A00268-Eco District-NMC	2,500	2,500	2,500	2,500	-	-
A00269-CC 2035-NMC	10,640	-	-	-	-	-
A00270-N Distr Partnership-NMC	0	2,500,000	-	-	-	-
A00422-PSU-Sch of Bus Comm-NMC	0	2,000,000	-	-	-	-
Property Redevelopment Total	149,319	5,057,686	550,409	2,550,409	5,147,909	6,447,909
Total Program Expenditures	10,381,059	15,627,686	13,070,409	6,370,409	5,417,909	17,867,909
Personnel Services	243,207	200,057	195,173	199,471	206,671	211,011
Total Fund Expenditures	10,624,266	15,827,743	13,265,582	6,569,880	5,624,580	18,078,920
Interfund Transfers - Indirect Charges	995,937	815,394	897,123	932,245	972,650	1,000,797
Contingency	7,305,648	1,674,780	1,285,784	2,068,509	4,343,883	6,878
Ending Balance	0	-	1	-	-	-
Total Fund Requirements	18,925,851	18,317,917	15,448,488	9,570,634	10,941,113	19,086,595